

**PUBLIC EMPLOYEES' RETIREMENT BOARD**  
**100 N Park, Rm 218**  
**Helena MT 59620**

**Board Legislative Committee Minutes**  
**January 8, 2013 – 1:30 pm**

Chairman Terrence Smith called the PERB Legislative Committee conference call to order at 1:30 p.m. on January 8, 2013. Board members that participated in the conference call:

*Committee Members:*

Terrence Smith, Chair  
Scott Moore  
Bob Bugni  
Darcy Halpin  
Dianna Porter  
Timm Twardoski  
Melissa Strecker

*Staff:*

Roxanne Minnehan, Executive Director  
Patty Davis, Members Services Bureau Chief  
Melanie Symons, Chief Legal Counsel  
Barbara Quinn, Fiscal Services Bureau Chief  
Hollie Koehler, Internal Auditor  
Kate Talley, Attorney  
Jenny Weigand, Education Supervisor  
Kris Vladic, Program Specialist

*Public:*

Mike O'Conner, MPERA  
Doug Neil, MSFA  
Tony Berget, Lincoln County Commissioner  
Shantil Siaperas, MACo  
Sheryl Wood, MACo  
Tom Schneider, MPEA  
Diane Fladmo, MEA-MFT

**I. Roll Call**

Roll call was taken. Chairman Terrence Smith, Members Darcy Halpin, Dianna Porter, Scott Moore, and Timm Twardoski participated via telephone. Member Bob Bugni attended in person.

**II. Public/Member Comment**

No comment.

**III. Executive Director Report**

Discussion Items

- a. Communication Plan Update

Jenny Weigand presented the communication plan. The legislator newsletter is currently at the printers. The proof of the newsletter should be received by the end of the week. A packet to the county commissioners which includes an informational letter, Pensionomics 2012

newsletter from the National Institute of Retirement Security and our 2012 annual benefits paid document will also be available to lobbyists and other interested parties. There are three lunch and learn sessions scheduled for January 14, 15, & 16. Roxanne Minnehan will be providing information at these sessions regarding legislation that affects retirement.

b. Proposed Retirement Bills

There was list provided of retirement bills that have been introduced as well as non-introduced.

**Action Items**

- a. Review Upcoming Legislation – MPERA provided Fiscal Notes
- HB 80 & Fiscal Note

HB 80 is a bill to authorize peace officer status to Department of Corrections criminal investigators. Department of Corrections currently has two people that could qualify to be a part of the Game Warden's and Peace Officer Retirement System (GWPORS), with a possibility of two more. This bill will amend sections 7-32-303, 19-8-301 and 53-1-203. Barbara Quinn reported the fiscal impact would be minimal.

Sheryl Wood from MACo reported that while MACo does not have a stand in this bill, she wanted the committee to be informed that HB 134 is trying to authorize the state auditor to designate securities and insurance investigators as peace officers and be a part of GWPORS. The concern is that it will place them under local government. Barbara Quinn responded that MPERA was informed that the bill is not intended to move the securities and insurance investigators to GWPORS from their current system.

**Motion:** *Member Dianna Porter made a motion that the Board remain neutral in regards to HB 80.*

**Second:** *President Scott Moore*

**Vote:** *7/0*

- HB 91 & Fiscal Note

HB 91 will modify and expand public employee 457 deferred compensation plan. The bill is being sponsored by Ryan Lynch. The hearing is scheduled for January 15, 2013.

- HB 95 & Fiscal Note

HB 95 requires contribution on working retiree compensation. This bill will only affect the systems that allow for working retirees, which are PERS, SRS and FURS. Franke Wilmer is sponsoring this bill for us. The hearing is scheduled for January 15, 2013.

- HB 96 & Fiscal Note

HB 96 provides improved actuarial funding for PERS, HPORS, GWPORS and SRS retirement systems. This bill is being presented to address the funding issues for these systems. This will provide for a temporary increase in employer contributions rates by 1% of payroll phased in over a four-year period.

- HB 97 & Fiscal Note

HB 97 provides for a cap on highest/final average compensation in MPERA retirement systems. For calculations of highest average compensation or final average compensation, a member's percentage increase in annual compensation will be limited to 15% during the years for which the average is based. This bill has an effective date of July 1, 2013 and the compensation limits will be on new hires on or after July 1, 2013.

- SB 82 & Fiscal Note

SB 82, sponsored by Dave Lewis provides the requirement for all PERS new hires to be in the Defined Contribution Plan (DC). Mike O'Conner provided information regarding this bill. Mr. Lewis's bill is an edited version of the bill that was presented at the last session. He eliminates forfeitures in the new bill. The average forfeitures are \$270, 000 and are used to pay administrative expenses. With the removal of forfeitures, it could cause an increase in fees to plan members.

Also the bill states that people are 100% vested at hire date, but upon closer review any member in the DC plan with less than five years of service will not have all employer contributions. Those employer contributions will be allocated to the plan choice fund and the long-term disability plan trust fund. Even current non-vested will receive less in their account, but once they reach five years their employer contributions will revert to their account.

If passed, this bill would not be effective upon until FY 2016. General fund expenditures will increase from \$221,552 in FY 14 to 21,626,582 in FY 2016. That is the effect of having to have the actuarial costs of the defined benefit plan paid.

**Motion:** *President Scott Moore made a motion that the Board opposes SB 82.*

**Second:** *Member Dianna Porter*

**No Public Comment:**

**Vote:** 7/0

b. DCRP – Vesting Required for Distribution at Normal Retirement Age

Melanie Symons reported that the research has not been completed regarding the vesting required for distribution at normal at retirement age.

c. Other?

The Senate and House State Administration were supposed to meet together. That meeting was cancelled. It was only rescheduled by the House for January 9, 2013. Representative Ingraham requested that leadership of agencies come to the meeting. Staff will be attending that meeting. Sheri Scurr will be giving an overview of the green sheets.

We requested that our General Revisions Bill, HB 105 and our Qualifications Bill, HB 122 be scheduled for hearing.

HB 53 will be heard on Friday, January 11, 2013. This bill is to revise State Administration and Veteran Affairs statutory duties. The duties that are currently in statute have proved to be too difficult to complete during the interim. One of the duties that the bill proposes to remove is the duty to solicit and review proposed statutory change to any of the state's public employee retirement systems.

d. Schedule Next Meeting

Roxanne Minnehan proposed that the remainder of the meetings begin at 1:00 p.m. The new meeting time will start with the January 22, 2013 meeting.

**IV. Adjournment**

There being no further business before the Legislative Committee, Chairman Terrence Smith adjourned the meeting at approximately 2:35 p.m.